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7. Portugal: Salazar may reshuffle cabinet next week. (Page 111)

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		25X1
25X1	Cambodia - South Vietnam: Cambodian - South Vietnamese relations have again become strained over the issue of alleged ill treatment of the Cambodian minority in South Vietnam. In a 14 March speech, Prince Sihanouk charged that South Vietnam was treating its Cambodian minority as second-class citizens and again raised Cambodian territorial claims against South	
	Vietnam.	25X1
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25 X1		Portugal: Prime Minister Salazar is consulting government leaders on "remodeling" the Portuguese cabinet next week informed the US Embassy of this development believes the premier is responding to pressures exerted on him by the Portuguese military. Salazar is probably also reacting to international criticism of Portugal's rule in Africa. The anticipated changes suggest that the new cabinet		
		will be more ready than the present one to make some modifications in Portuguese policy. (Backup, Page 7) SELECTED INTELLIGENCE REPORTS AND ESTIMATES	25X1	
		(Available during the preceding week) Situation and Prospects in the West Indies: Domestic Political Scene, the Economy, and Foreign Policy Especially Toward UK and US. U.S.I.B. NIE 87.1-61. 14 March 1961.	25X1	
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Morocco May Resume Campaign for Territorial Expansion Southward

King Hassan II may view the activities of Military irregulars in the western Sahara as a means not only of implementing policy but also of diverting attention within Morocco from his inaction regarding constitutional reform.

Morocco's claims to Spanish-controlled Ifni, Spanish Sahara, Mauritania, and the western portion of the French-governed Algerian Sahara province of Ain Sefra, were asserted by Istiqlal party leader Allal el-Fassi immediately after independence was obtained five years ago. The party apparently encouraged raids on European establishments by marauding nomads, and in the fall of 1957 tribesmen and Moroccan irregulars attacked the Spanish garrisons in Ifni and in northern Spanish Sahara. Since then the Moroccan Army has occupied the outlying areas of Ifni. Spain transferred to Morocco in April 1958 a substantial strip of northern Spanish Sahara, now known as the territory of Tarfaya. Concerted Spanish and French military counteraction quashed irregular activities farther south.

The captured oil prospectors were operating in a concession granted by Spain to the United Oil Company, an American firm.	25X6
armed men had been infiltrated from Morocco into Mauritania by way of Spanish Sahara to create internal dis-	25X1
turbances there when the UN General Assembly reassembled.	25X1
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Cambodian Refugees From South Vietnam

The relations between Cambodia and South Vietnam have deteriorated further since a Saigon daily, Saigon Mai, broke a press truce between the two countries and launched a series of inflammatory anti-Cambodian articles in early February. Prince Sihanouk, who is always suspicious of Vietnamese intent, is convinced that this attack was government inspired. He appears to have seized upon the refugee problem as justification for a retaliatory move. This problem is primarily the result of unsettled conditions in southern Vietnam and the clashes between the government forces and Communist guerrillas.

Prince Sihanouk's speech, however, went further than to denounce the Diem government's treatment of its Cambodian minority and raked up the whole issue of Cambodia's claims to the former French colonial area of Cochin China, South Vietnam's southernmost region. He castigated the French colonial rule both for having consistently sacrificed Cambodian territory to Vietnamese interests and for having failed to protect minority rights when the territory was turned over to the Vietnamese in 1954. His statement that the United Nations, concerned with the welfare of tens of thousands of Europeans in Africa, should be even more concerned with the mistreatment of the several hundred thousand Cambodians in Vietnam is the first public suggestion that he is seeking UN intervention in the dispute with Diem.

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Salazar to "Remodel" Portuguese Cabinet

Botelho Moniz, minister of defense, "comes out of the reshuffle stronger than ever." Moniz, who claims to have the backing of 90 percent of the military, has been pressing Salazar since the Santa Maria episode in January and the February disturbances in Angola to make changes in Portuguese policies in Africa or risk the loss of military support of the regime. Moniz has reportedly felt for some time that the military might be forced "to take matters into their own hands."

The events in January and February have also emboldened the civilian opposition in Portugal. In early February, in an unprecedented action, Salazar permitted the President to receive three members of the opposition who presented a formal request for political concessions. Salazar has also felt it was necessary for the opposition to "let off some steam" in the controlled press. Mounting international criticism of Portugal, particularly as regards its African policies, and the realization that Portuguese Africa has been selected as a target for special attack by anti-colonialist countries in the UN may also have led Salazar to believe he must at least make gestures in the direction of change.

The most significant change slated appears to be a shift in the Ministry of the Presidency. The holder of this position is generally regarded as the most likely successor to Salazar, and the present incumbent, Theotonio Pereira, is an ultraconservative dedicated to continuing Portugal on the path chosen by Salazar. The reported new appointee to this key post, Dr. Marcello Caetano, is probably the most respected and popular figure in Portuguese politics. As a former minister for the overseas areas, he is familiar with the basic problems at issue and is reported to have become more liberal in his views in recent years. He and Moniz have political foes in common and could be expected to work well together. Moniz

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may have also achieved a victory in getting his supporters into the Overseas Ministry, and into the three military ministries.

Pereira is slated to take over the Foreign Ministry. The present foreign minister, Marcello Mathias, would return
 to his previous post as ambassador in Paris.

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